MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

Financial Statements
as of December 31, 2010 and 2009
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

March 28, 2011

To the Board of Directors of
Monroe County Industrial Development Corporation:

We have audited the accompanying financial statements of the business-type activities of Monroe County Industrial Development Corporation (the Corporation) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of December 31, 2010 and 2009, and the respective changes in financial position, and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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INDEPENDENT AUDITORS' REPORT
(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bonadio & Co., LLP

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

The following Management's Discussion and Analysis (MD&A) of Monroe County Industrial Development Corporation's (the Corporation's) financial statements provides an overview of the Corporation's financial activities for the years ended December 31, 2010 and 2009. The MD&A should be read in conjunction with the Corporation's financial statements and related notes, which follow the MD&A.

The purpose of the Corporation is to provide financial assistance to small job creating businesses that demonstrate a need for financing which cannot be met entirely from conventional financing sources.

FINANCIAL HIGHLIGHTS

- The Corporation's net assets increased by $4,568,283 in 2010 and decreased by $148,400 in 2009, as a result of the individual year's operations.

- The assets of the Corporation exceeded its liabilities by $6,138,247 and $1,569,964 at December 31, 2010 and 2009, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net assets and the statements of revenues, expenses, and changes in net assets report information about the Corporation as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Revenue and expenses are recorded when earned and incurred, respectively, regardless of when cash is received or paid.

These two statements report the Corporation's net assets and changes in them from one year to the next. The Corporation's net assets, the difference between assets and liabilities, are one way to measure the Organization's financial health, or financial position. Over time, increases or decreases in the Corporation's net assets are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Corporation's income and the fluctuation of the Corporation's expenses, to assess the overall health of the Corporation.

NOTES TO FINANCIAL STATEMENTS

The financial statements also include the notes to the financial statements, which explain certain information in the financial statements. They are essential to a full understanding of the information provided in the financial statements.

THE CORPORATION

The analysis below summarizes the statements of net assets (Table 1) and change in net assets (Table 2) of the Corporation as of and for the years ended December 31, 2010, 2009 and 2008.

Table 1 - Statements of Net Assets (000s omitted)

	2010	2009	2008
ASSETS:			
Cash and equivalents	$ 3,605	$ 1,472	$ 1,577
Investment in limited partnerships	2,246	-	-
Loans receivable	237	53	91
Investment in Laser Max, Inc.	50	50	50
Total assets	6,138	1,575	1,718
LIABILITIES:			
Accounts payable	-	5	-
Total liabilities	-	5	-
NET ASSETS:			
Unrestricted	$ 6,138	$ 1,570	$ 1,718

Cash and net assets significantly increased at December 31, 2010 from December 31, 2009 as a result of the operations of the Corporation, see the analysis on the following page of this MD&A. In 2010, a separate governmental entity contributed certain loans receivable and the investment in certain limited partnership interests to the Corporation so the Corporation could further promote economic development in the community.

Cash and net assets decreased at December 31, 2009 from December 31, 2008 as a result of the operations of the Corporation, see the analysis on the following page of this MD&A. Loans receivable decreased from 2008 to 2009 due to scheduled payments made.

THE CORPORATION (Continued)

Table 2 shows the changes in net assets for the years ended December 31, 2010, 2009 and 2008.

Table 2 - Statements of Revenues, Expenses, and Changes in Net Assets (000s omitted)

	2010	2009	2008
REVENUES:			
Bond fee income	$ 1,142	$ -	$ -
Contributions	1,135	100	100
Fees	281	215	205
Assignment of loans	188	-	-
Interest, dividends, and investment income	66	26	37
Other	4	2	(37)
Total revenues	2,816	343	305
EXPENSES:			
Interest subsidy	354	378	528
GreatRebate	69	54	67
Management and general	38	36	34
Other	33	23	49
Total expenses	494	491	678
Change in net assets before special item	2,322	(148)	(373)
SPECIAL ITEM:			
Contribution of limited partnership interests	2,246	-	-
	2,246	-	-
Change in net assets	$ 4,568	$ (148)	$ (373)

The County of Monroe authorized the Corporation to issue tax exempt and/or taxable bonds and/or notes on behalf of certain not-for-profit organizations. In 2010, the Corporation issued bonds to 9 organizations, which led to significant bond fee income. Contributions increased significantly as a result of contributions from County of Monroe Industrial Development Agency (COMIDA). COMIDA also assigned the rights to two limited partnership interests to the Corporation and additional loans receivable. Interest, dividend, and investment income increased approximately $40,000 or 154% because of the income earned from the new limited partnership interests. Expenses remained consistent in 2010 and 2009.

The Corporation sold investments in 2008 and had a loss of approximately $40,000, which consisted of most of the difference in revenues from 2008 to 2009. In addition, there was a decrease in interest rates from 2008 to 2009, so less interest and dividend income was earned. Interest subsidy expenses and GreatRebate expenses, which represent expenses to support the economic development of not-for-profit corporations, decreased approximately $163,000 as a result of fewer companies that took advantage of the GreatRate and GreatRebate programs in 2009 than 2008.

REQUEST FOR INFORMATION

This financial report is designed to provide financial statement users with a general overview of the Corporation's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Monroe County Industrial Development Corporation's Executive Director at 50 West Main Street, Suite 8100, Rochester, New York, 14614.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF NET ASSETS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	$ 3,604,578	$ 1,471,917
Loans receivable - current portion	80,443	36,466
Total current assets	3,685,021	1,508,383
NON-CURRENT ASSETS:		
Investment in limited partnerships	2,245,894	-
Investment in Laser Max, Inc.	49,950	49,950
Loans receivable - net of current portion	157,382	16,631
Total non-current assets	2,453,226	66,581
Total assets	6,138,247	1,574,964
LIABILITIES		
ACCOUNTS PAYABLE	-	5,000
NET ASSETS		
UNRESTRICTED	$ 6,138,247	$ 1,569,964

The accompanying notes are an integral part of these statements.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
REVENUES:		
Bond fee income	$ 1,142,450	$ -
Contributions	1,135,461	100,000
Fees	281,366	214,890
Assignment of loans	187,685	-
Interest and dividends	12,129	25,523
Interest earned on loans	4,344	2,162
Total revenues	2,763,435	342,575
EXPENSES:		
Program -		
Interest subsidy	353,961	378,050
GreatRebate	69,000	54,000
Legal fees	21,439	20,000
Rewards programs	9,000	-
Other	2,716	2,574
Total program	456,116	454,624
Management and general -		
Administrative expense	25,000	25,000
Accounting fees	5,994	4,250
Supplies	2,055	852
Travel	1,545	3,728
Other	4,122	2,521
Total management and general	38,716	36,351
Total expenses	494,832	490,975
Operating income (loss)	2,268,603	(148,400)
NON-OPERATING REVENUE:		
Investment income	53,786	-
Total nonoperating revenue	53,786	-
CHANGE IN NET ASSETS BEFORE SPECIAL ITEM	2,322,389	(148,400)
SPECIAL ITEM:		
Contribution of limited partnership interests	2,245,894	-
Total special items	2,245,894	-
CHANGE IN NET ASSETS	4,568,283	(148,400)
NET ASSETS - beginning of year	1,569,964	1,718,364
NET ASSETS - end of year	$ 6,138,247	$ 1,569,964

The accompanying notes are an integral part of these statements.

MONROE COUNTY INDUSTRIAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from providing services	$ 2,578,707	$ 380,157
Payments to suppliers	(499,832)	(486,012)
Net cash flow from operating activities	2,078,875	(105,855)
CASH FLOW FROM INVESTING ACTIVITIES:		
Investment income	53,786	-
Net cash flow from investing activities	53,786	-
NET CHANGE IN CASH AND EQUIVALENTS	2,132,661	(105,855)
CASH AND EQUIVALENTS - beginning of year	1,471,917	1,577,772
CASH AND EQUIVALENTS - end of year	$ 3,604,578	$ 1,471,917
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income (loss)	$ 2,268,603	$ (148,400)
Assignment of loans	(187,685)	-
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Principal payments received on loans	160,847	37,582
Issuance of new loans	(157,890)	-
Change in accounts payable	(5,000)	4,963
Net cash flow from operating activities	$ 2,078,875	$ (105,855)
NON-CASH INVESTING ACTIVITY:		
Contribution of limited partnership interests	$ 2,245,894	$ -

The accompanying notes are an integral part of these statements.

1. THE CORPORATION

The Monroe County Industrial Development Corporation (the Corporation) is a not-for-profit corporation organized under the laws of the State of New York in 1962. In December 2009, the County of Monroe authorized the Corporation to issue tax exempt and/or taxable bonds and/or notes on behalf of certain not-for-profit organizations. As a result, the by-laws of the Corporation were amended to provide for control over Board appointments of the Monroe County Executive.

The purpose of the Corporation is to provide financial assistance to small job creating businesses that demonstrate a need for financing which cannot be met entirely from conventional financing sources. In addition, the Corporation acts as a Certified Development Corporation for the Small Business Administration (SBA) 504 Program.

A revolving loan fund was established in 1984 through an initial contribution of $350,000 from the County of Monroe Industrial Development Agency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Corporation's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board for proprietary funds. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent they do not conflict or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds. The Corporation has elected not to follow subsequent private sector guidance.

Basis of Presentation
GASB requires the classification of net assets into three classifications defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. At December 31, 2010 and 2009, the Corporation had no amounts invested in capital assets.

- Restricted net assets - This component of net assets consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At December 31, 2010 and 2009, the Corporation has no restricted net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "invested in capital assets, net of related debt", or "restricted".

Income Taxes

The Corporation is a New York not-for-profit corporation qualified under Section 501(c)(6) of the Internal Revenue Code.

Cash and Equivalents

Cash and equivalents includes demand deposits, money markets, and certificates of deposit with original maturities of twelve months or less. The Corporation maintains its cash and equivalents in bank accounts. The balances in these accounts may, at times, exceed federally insured limits. The Corporation has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and equivalents. Interest and dividend income from cash and equivalents is reported in operating revenue in the statements of revenues, expenses, and change in net assets.

Loans Receivable

Loans receivable are carried at unpaid principal balances. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Corporation reviews outstanding loans receivable for uncollectibility and records an allowance for uncollectible accounts based on that review. When all collection efforts have been exhausted, the account is written-off as uncollectible. At December 31, 2010 and 2009, management considered all amounts fully collectible and, accordingly, no reserve had been established.

Revenue Recognition

Fees are assessed on a monthly basis for those loans processed by the Corporation and granted through the Small Business Administration. These fees are for processing and maintenance of the loans and are based on .5% of the outstanding principal balance.

Contributions

Contributions are recognized when unconditional promises to give are received by the Corporation. Contributions represent amounts provided by unrelated third parties to support the activities of the Corporation.

Investment in Laser Max, Inc.

The Corporation purchased 333 shares of common stock of Laser Max, Inc. The investment is stated at cost in the amount of $49,950 and the market value is not readily available.

Investment in Limited Partnership Interests

The Corporation has investments in limited partnership interests of Trillium Lakefront Partners, III, LP and University Technology Seed Fund. These investments are valued at cost in the balance sheets and investment income is shown on the statements of activities. The market value of these assets is not readily available. Investment income from the investment in limited partnership interests is under non-operating revenue in the statements of revenues, expenses, and changes in net assets.

Administrative Expense

The Monroe County Department of Planning and Development has executed contracts with the Corporation to provide administrative services. The current contract provides for $25,000 of general administrative and overhead fees which are paid to Monroe County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Subsidy Expense

The Corporation administers the GreatRate program, which is a three year program that subsidizes interest rates by 4% for bank loans or capital leases for job creating companies purchasing equipment locally or 3% for bank loans or capital leases for job creating companies not purchasing locally. Local is defined as Monroe, Genesee, Livingston, Orleans, Ontario, Wayne, Yates, Seneca, or Wyoming County. The interest subsidy expense resulting from this program in the financial statements is recognized as incurred.

Monroe Manufactures Jobs LoansPlus, Monroe Manufactures Jobs, and Monroe Manufacturing Rewards Programs

The Corporation administers the Monroe Manufactures Jobs LoansPlus program, which lends manufacturing companies 10% of the purchase price of new manufacturing equipment, up to $100,000, at 1% interest. The Monroe Manufactures Jobs program connects graduates of the Monroe Community College Applied Technology Center with local manufacturing companies by providing both the employee and employer a $1,500 bonus if the employee works for the company for one full year. The Monroe Manufacturing Rewards Program provides manufacturing businesses with a rebate of $1,000 on qualified equipment purchases from $25,000 to $49,999. Expenses are recognized as incurred under these programs in the accompanying financial statements.

Bond Fee Income

The Corporation is authorized by the County of Monroe to issue Tax-Exempt Civic Facility Bonds on behalf of certain not-for-profit organizations. Associated with each issuance are application fees, administrative fees and/or counsel fees incurred by those organizations, which are recognized in the statements of revenues, expenses, and changes in net assets as bond fee income.

Industrial Development Bonds

The Corporation issues tax-exempt bonds and special issue bonds to provide financial assistance on behalf of certain not-for-profit organizations for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers back to the not-for-profit organization served by the bond issuance. The Corporation is not obligated in any manner for repayment of the bonds at any time. Accordingly, related property is not reported as assets, and the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2010, there were 8 tax-exempt bonds outstanding with an aggregate amount payable of approximately $273,000,000. In addition, at December 31, 2010, there was one special issue bond issued in accordance with the American Reinvestment and Recovery Act outstanding with an aggregate amount payable of $8,375,000. There were no bonds outstanding at December 31, 2009.

Reclassifications

The prior-year financial statements have been reclassified and certain disclosures were revised in accordance with generally accepted accounting principles promulgated by the GASB. The reported net asset value did not change from the value previously reported by the Corporation.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Policies

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director. The Corporation's monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies as designated by the Board of Directors. Permissible investments include: a) obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal government, b) obligations of New York State or in general obligations of the State's political subdivisions, c) certificates of deposits or deposits with banks with an investment grade rating, d) commercial paper rated Prime-1 and/or A-1, e) money market funds with AAA ratings, and f) other investments as determined by the Board.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits.

At December 31, 2010 and 2009, all of the Corporation's deposits were covered by FDIC insurance.

4. LOANS RECEIVABLE

The following is a summary of the Corporation's balance of outstanding loans receivable at December 31, 2010 and 2009:

Borrower	Date of Issue	Original Loan	Rate of Interest	Maturity Date	Balance at 12/31/2010	Balance at 12/31/2009
James M. Plukas, LLC	5/2004	$ 58,000	3.00%	4/2011	$ 2,288	$ 11,269
Zeller Corporation	6/2008	50,000	3.00%	10/2011	14,343	31,089
Northern Soy	12/2003	75,000	3.00%	12/2010	-	10,739
XLI Corporation	9/2010	57,890	1.00%	9/2017	55,892	-
Diamond Paperbox Co.	12/2010	100,000	1.00%	12/2017	98,850	-
Rochester Precision Optics*	12/2010	100,000	5.50%	9/2017	16,803	-
MWI*	12/2010	100,000	5.00%	2/2011	1,880	-
Flower City Printing*	12/2010	100,000	6.00%	7/2011	13,266	-
Roccera, LLC*	12/2010	50,000	1.25%	5/2014	34,503	-
Total		$ 690,890			$ 237,825	$ 53,097

*These loans were assigned to the Corporation during 2010. See Note 5.

4. LOANS RECEIVABLE (Continued)

Principal Repayment Schedule	2011	2012	2013	2014	2015	There-after	Total
James M. Plukas, LLC	$ 2,288	$ -	$ -	$ -	$ -	$ -	$ 2,288
Zeller Corporation	14,343	-	-	-	-	-	14,343
XLI Corporation	8,044	8,125	8,207	8,288	8,372	14,856	55,892
Diamond Paperbox Co	13,872	14,012	14,147	14,295	14,438	28,086	98,850
Rochester Precision Optics	16,803	-	-	-	-	-	16,803
MWI	1,880	-	-	-	-	-	1,880
Flower City Printing	13,266	-	-	-	-	-	13,266
Roccera, LLC	9,947	10,072	10,198	4,286	-	-	34,503
Total	$ 80,443	$ 32,209	$ 32,552	$ 26,869	$ 22,810	$ 42,942	$ 237,825

5. RELATED PARTY

The Corporation is related to the County of Monroe Industrial Development Agency (COMIDA) through common management. In 2010 and 2009, COMIDA contributed $1,135,461 and $100,000, respectively, to the Corporation. COMIDA also contributed $2,245,894 in limited partnership interests to the Corporation. The limited partnership interests promote economic development in the community.

During 2010, a separate economic development not-for-profit organization dissolved and assigned its loans receivable to COMIDA. COMIDA then immediately assigned these loans receivable to the Corporation in the amount of $187,685.

6. INVESTMENTS IN LIMITED PARTNERSHIP INTERESTS

Investments in limited partnership interests consisted of the following at December 31:

	Ownership %	2010
The Monroe Fund LLC	12.48%	$ 913,910
Trillium Lakefront Properties III, LP	4.48%	831,984
University Technology Seed Fund	8.06%	500,000
		$ 2,245,894

Investment income consisted of the following for the year ended December 31, 2010:

Partnership distribution	$ 53,786

There were no investments in limited partnership interests or investment income (loss) during the year ended December 31, 2009.

7. COMMITMENTS

The Corporation administers the GreatRebate and GreatRate Programs to promote job growth in Monroe County. The GreatRebate program is a two year program for companies who buy $50,000 or more of equipment. The Corporation will give a rebate of $5,000 to companies who buy equipment locally or a rebate of $4,000 for companies who buy equipment outside the local area.

At the end of both programs, if the companies increase their job base by ten percent, or create one job for every $50,000 in equipment purchased up to $200,000, whichever is less, the Corporation will pay them according to the terms of the respective program.

Future payments under these programs are anticipated as follows for the years ending December 31:

2011	$ 269,359
2012	163,615
2013	50,851
	$ 483,825

At December 31, 2010, several companies have been approved for GreatRebate and GreatRate programs, but have not submitted final documentation for payment. Therefore, the Corporation has conditional payments of $148,441 outstanding until such time as all program requirements have been satisfied.

In addition, $394,000 and $719,610 have been approved to fund the Monroe Manufactures Jobs program and the Monroe Manufactures Jobs LoanPlus program, respectively.

Bonadio & Co., LLP
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

March 28, 2011

We have audited the financial statements of the business-type activities of Monroe County Industrial Development Corporation (the Corporation), as of and for the year ended December 31, 2010, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated March 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors of the Corporation, others within the entity, the New York State Authorities Budget Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bonadio & Co., LLP